

FILED

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF SOUTH CAROLINA

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COURT
DISTRICT OF SOUTH CAROLINA

IN RE:)
) Chapter 7
Spartan International, Inc.,)
) Case No.: 01-10254-B
Debtor.)
_____)

NOTICE AND APPLICATION FOR SALE OF PROPERTY
FREE AND CLEAR OF LIENS

TO ALL CREDITORS AND PARTIES IN INTEREST AND FORMER CUSTOMERS OF
SPARTAN AND CLEVELAND MILLS:

YOU ARE HEREBY NOTIFIED that the Chapter 7 trustee is applying for approval to sell property of the debtor's estate which is inventory to include, but not limited to, "bill and hold goods", greige goods, knit products and finished yards, free and clear of all claims, liens, interests and encumbrances according to the terms and conditions stated below and in the attached **proposed order which the reader should review. THE TRUSTEE INTENDS TO APPLY THE PROCEEDS REALIZED FROM THE SALE OF INVENTORY AGAINST OUTSTANDING ACCOUNTS RECEIVABLE OWED BY ENTITIES TO THE ESTATE.**

TAKE FURTHER NOTICE that any response, return and/or objection to this Application should be filed with the Clerk of the Bankruptcy Court and served on all parties in interest within twenty (20) days from the date of this Notice.

TAKE FURTHER NOTICE that no hearing will be held on this Application unless a response, return and/or objection is timely filed and served, in which case, the Court will conduct a hearing on **December 23, 2002 at 10:00 a.m.**, at the Donald Stuart Russell Federal Courthouse, 201 Magnolia Street, Spartanburg, South Carolina. No further notice of this hearing will be given.

TYPE OF SALE: Public auction with reservation of right by the secured creditor and the Chapter 7 trustee to accept bids made.

PROPERTY TO BE SOLD: The Chapter 7 trustee, through a Sales Agent, is offering for sale all inventory held, to include, but not limited to, "bill and hold" goods, greige goods, knit products and finished yards, and all other like material and inventory (together the "Assets").

1090
1091

PRICE: Best offer subject to acceptance of bid by the Chapter 7 trustee and secured creditor.

APPRAISAL VALUE: There is no current appraisal of the property at issue.

PLACE AND TIME OF SALE: January 30, 2002 at 10:00 am at the JH Montgomery Plant located at 707 Montgomery Drive, Chesnee, South Carolina. Interested bidders may inspect the assets by appointment by contacting the sales agent below.

SALES AGENT/AUCTIONEER/BROKER: Michael Fox International, Inc., 9454 Wilshire Blvd. PH Floor, Beverly Hills, CA 90212, (310) 248-2821, fax: (310) 271-6201.

COMPENSATION TO SALES AGENT/AUCTIONEER/BROKER: 10% of net proceeds

ESTIMATED TRUSTEE'S COMPENSATION: Compensation as allowed pursuant to 11 USC § 326(a).

LIENS/MORTGAGES/SECURITY INTERESTS ENCUMBERING THE PROPERTY: Former customers of the Debtor may assert an interest in the inventory. The Chapter 7 Trustee is asking that the estate be allowed to sell the inventory to reduce outstanding accounts receivable from the customers. The Trustee is requesting that any interest that a customer of Spartan may have to the Assets is terminated to allow the Assets to be sold free and clear of any claims, encumbrances or liens. Additionally, General Electric Capital Corporation ("GECC") holds a first priority lien on the Assets, subject to further order of the Court. GECC has consented to the sale and its lien will attach to the proceeds thereof. The sales proceeds are not expected to satisfy GECC's debt but will reduce it.

DEBTOR'S EXEMPTION: N/A

PROCEEDS ESTIMATED TO BE PAID TO THE ESTATE: The estate will receive 6% of the proceeds.

STAY OF ORDER: The Chapter 7 trustee requests that the order approving this Application be effective immediately upon entry. At the request of purchaser, the Chapter 7 trustee may submit supplemental orders relating to Assets to be sold including language regarding § 363(m) and the like. The Chapter 7 trustee requests that any such supplemental orders shall be treated as noticed herein and that they are also effective immediately upon entry.

QUESTIONS REGARDING CLAIMS TO INVENTORY AND OUTSTANDING ACCOUNTS RECEIVABLE SHOULD BE DIRECTED TO ROBERT F. ANDERSON AT (803) 252-8600.

Applicant is informed and believes that it would be in the best interest of the estate to sell

said Assets by public auction. Applicant also believes that the funds to be recovered from the sale of said Assets justify the sale and the filing of this Application.

The Court may consider additional offers at any hearing held on this Application for sale. The Court may order at any hearing that the property be sold to another party on equivalent or more favorable terms.

The Chapter 7 trustee may seek appropriate sanctions or other similar relief against any party filing a spurious objection to this Application.

WHEREFORE, the Chapter 7 trustee requests that the Court issue an order authorizing the sale of said property free and clear of all liens and grant such and other further relief as the Court deems just and appropriate.

NELSON MULLINS RILEY & SCARBOROUGH, LLP

A handwritten signature in black ink, appearing to read 'L. K. Barr', is written over a horizontal line.

Linda K. Barr
Dist. Ct. Id. No. 6284
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Attorneys for Chapter 7 Trustee

November 15, 2002
Columbia, South Carolina